NAVAIR Commander's Guidance
September 2014 Update

This Commander's Guidance is an update to my 2013 Guidance. It builds on the considerable learning and progress we've made against our three strategic priorities – *People, Integrated Warfighting Capability, and Affordability* – and establishes the specific actions we will take in the next year to advance our progress to the next level.

We made impressive gains despite unparalleled budget uncertainty and cuts, which gives me great confidence in NAVAIR's future. Yes, we will continue to face decreasing budgets in the next few years, but we are positioned well for success.

The FY15-16 budgets will result in a small decline in workforce size, while demand for our work remains steady. This imbalance will create pressure, and that pressure will require us to think and work differently. If we do it smartly, which our people are known to do, we will emerge an even stronger organization.

Success will take increased <u>collaboration</u> across Competencies, Commands and Programs. This collaboration will foster <u>innovation</u> in both our technical and business processes. And the result will be <u>increased capability and readiness</u> for every dollar invested.

Solutions to adaptive and disruptive challenges are dreamed up in the creative minds of employees across all disciplines and experience levels. When people understand when and how to connect, share knowledge and collaborate with other experts across the NAVAIR community, we are able to deliver results faster and at reduced cost.

I expect every leader to encourage their people to speak up when they see a better way, support their case with data and input from others; and then test out their solutions.

The stakes are high. We must be bold, take risks and try new approaches to lead in this environment. I am optimistic about the future and see exciting work ahead of us.

In the following pages, I will identify nine initiatives and supporting actions, including lead and supporting roles from across our business and technical communities. Some actions will be completed in the next 12 months, while others will take more time. We will implement these actions collaboratively, measure our progress, and adjust course and speed to achieve the desired outcome – the same way our warfighters execute their missions.

VR,

VADM David Dunaway
Commander, NAVAIR

COMMAND-LEVEL ACTIONS

Collaboration + Innovation = Increased Capability, Affordability and Speed

1. **Prepare our People for the Future.**
   Co-Leads: Mr. Gary Kessler (NAWCAD), Mr. Gary Kurtz (AIR-7.0)
   Supporting: All Competencies and Commands

   Background: NAVAIR has a number of workforce programs, including educational and recruiting partnerships, career development programs (ESDP, JLDP, NLDP and NAVAIR University), and mentoring and diversity resource teams. A comprehensive review of these programs is needed to assess benefits and gaps; and ensure our training and development programs address current and emerging business and technical trends; effectively preparing our military and civilian force for the future.

   Desired Outcome: Develop a holistic framework that enhances the integration of our work and workforce to ensure we recruit, develop, manage and retain diverse and specialized skills needed to support future Naval Aviation mission requirements.

   Actions:
   1a. Identify workforce technical/business skills needed to support emerging capabilities and business initiatives, and ensure NAVAIR Competency workforce plans meet identified needs.
   1b. Identify program improvements and/or integration opportunities to prepare military and civilian employees for future work. Areas of consideration include: recruiting, career development and retention; and workforce planning, execution and performance management.
   1c. Design and pilot an agile staffing model to speed the identification and assignment of talent to urgent/emergent program and project needs.
   1d. Increase workforce enabling funds, e.g., Defense Acquisition Workforce Development Fund (Sec 852) and Lab Research and Development Fund (Sec 219), to enhance the development of our technical workforce.
   1e. Develop NAVAIR-wide digital collaboration tool(s) to enable the workforce to connect with experts, share knowledge and information, and solve problems quickly in a virtual environment.

2. **Deliver Integrated Warfighting Capability.**
   Lead: Ms. Leslie Taylor (NAVAIR I&I Dir., IWC-ET Lead)
   Supporting: PMA-298, PEO(U&W) Common Standards and Interoperability (CSI), and Competency Functional Reps

   Background: The Integrated Warfighting Capability Enterprise Team was chartered to develop and field IWC at affordable cost by advancing system-of-system engineering; utilizing live, virtual and constructive development and test environments; and building a skilled workforce.

   Desired Outcome: Establish governance, processes and technical authority to actively manage integrated and interoperable capabilities for each warfighter-identified/assigned mission area.

Actions:

2a. Create IWC competence (technical skills/authority for mission-area engineering, logistics, test and evaluation).

  ◆ Establish Mission Engineering and Analysis Department (AIR-4.0M) to create technical standards and baselines required for mission technical baselines and integrated capability technical baselines using warfare/threat analysis, architects and security personnel.

  ◆ Develop mission test strategies and systems-of-systems test environment strategies; and execute these strategies through mission test matrixes and mission test architectures for use by naval aviation programs of record.

  ◆ Establish a logistics review process to identify capacity impacts to operations and logistics support infrastructure; develop mission-level capability, reliability and maintainability metrics; and determine affordability trade space among pillars of capability.

2b. Prepare NAVAIR for lead capability integrator role to reduce cost and increase speed to field new and improved capabilities.

  ◆ Build a lab environment that demonstrates a common avionics backbone and enables future aircraft integration efforts to facilitate the government's lead capability integrator role. The lab will include a compilation of open architecture standards and modularization initiatives that integrate software and hardware capabilities to enable a product line approach for legacy and future platforms.

  ◆ IWC ET and competency experts will participate in procurement planning conferences and data requirement review boards to ensure desired technical data rights are acquired.

  ◆ Evaluate current contract language policies/regulations associated with the research, development, test and evaluation environment to ensure clear definition of intellectual property rights, interface requirements, and governance of products delivered.

  ◆ Monitor and leverage cross-competency/program efforts to develop a LCI toolkit and process.

2c. Establish a capability-focused RDT&E lab consolidation and modernization plan, including LVC environments to support IWC requirements for air anti-submarine warfare, air warfare and surface warfare mission areas.

  ◆ Evaluate NAVAIR's current modeling and simulation capabilities and best practices that will enable integrated LVC across NAVAIR.

  ◆ Perform a detailed assessment of current command assets and gaps required to perform mission-area LVC RDT&E, including PMA205 trainer roadmaps.

  ◆ Develop RDT&E lab consolidation recommendations and integrated investment portfolio.

2d. Establish a rapid response team to identify existing NAVAIR rapid response capabilities that could address fleet/force kill chain and effects chain gaps.

  ◆ Establish a Rapid Response Project Management Office that liaises directly with the Fleet and other external customers.

  ◆ Establish fleet/force advisors at key warfighter customer locations to serve as "NAVAIR Storefronts" and serve as the clearinghouse for fleet requirements.

- Develop and provide integrated tasking orders to the appropriate Warfare Centers and Fleet Readiness Centers who will execute rapid response work. *(see #5 AIRWorks).*

3. **Enable Cost-Wise Readiness.**
Lead: RDML Paul Sohl (COMFRC and AIR-6.0) and Mr. Todd Balazs (AIR-6.0A)
Supporting: All Competencies

Background: Delivering required readiness in today's reduced budget environment is a significant challenge, requiring deep insight into fleet demand signals, readiness degraders, and opportunities to reduce life-cycle cost. Close collaboration with Naval Aviation Enterprise stakeholders is imperative to increase readiness and arrest sustainment cost growth.

Desired Outcome: Identify methods to increase understanding of total ownership costs; enhance decision-making with data, models and tools; and positively affect budgeting and programming decisions across Naval Aviation.

3a. Develop a Sustainment Harmonization process and a macro level model that provides leadership insight into the relationships between the ten Operations and Maintenance, Navy (O&M,N) accounts along with Aircraft Procurement Navy (APN) accounts in order to support NAE level discussion on aligning funding to achieve desired readiness.

3b. Institutionalize use of the Integrated Logistics and Support Management System (ILSMS) and Logistics Assessment (LA) process across all aircraft Type/Model/Series. This collaborative, data driven methodology will give program managers, type commanders and supply managers a common understanding of readiness degraders and operational and support cost drivers, enabling them to systematically improve readiness and affordability.
  - Release ILSMS Version 2.2.2, providing engine parts forecasting, engine reliability goals/engine module goals and engine metrics.
  - Release ILSMS enhancements, enabling "what-if" demand forecasting derived from data on condition-based maintenance, and material shortages, depot maintenance, UAV Aircraft Launch and Recovery (ALRE) and other systems.

3c. Develop a Proficiency Optimization family of decision quality tools/models to quantitatively address a wide range of options for increasing pilot and aircrew operational proficiency at reduced cost. (CDR John Dougherty, AIR-00 project lead)
  - Conduct "what-if" analysis on lower cost-per-hour-aircraft construct and LVC training using the F/A-18 Readiness Cost Analysis Tool model.
  - Enhance RCAT capabilities by developing and incorporating the phase two proficiency model, to include skills hierarchy developed by key fleet subject-matter experts and expanded insight into sustainment elements and relationships.
  - Expand RCAT model to include other type/model/series.

4. **Strengthen Cyber Awareness and Capability.**
Lead: Mr. Larry Hollingsworth (NAVAIR Cyber Detachment Lead)

Supporting: All Competencies

Background: Enterprise network cyber vulnerability awareness and protection has been the singular focus of past cyber efforts. Recent events have made us very aware that platform information technology (PIT) is equally important. NAVAIR has awakened to the urgent need for a comprehensive cyber strategy that combines both enterprise network and PIT. Modern cyber adversary tactics and capabilities pose a significant risk to our naval aviation weapons systems and the ability of these aviation weapons systems to enforce national security policies. The threats and capabilities are real and range from exploitation and overloading weapons systems and logistics supply chains, to jamming signals or taking control of aviation weapons systems. We must both defend against these attacks and exploit cyber warfare capabilities.

Desired Outcome: Increase NAVAIR's cyber awareness and capability including: cyber resilient platforms; a cyber-aware workforce with the right mix of cyber expertise; coherent and integrated cyber policies, processes and standards to support daily operations; and smart infrastructure investments with appropriate "make/buy" criteria.

Actions:
4a. Assess installed systems on air capable ships from a vulnerability perspective. Develop plans for enhanced security and improved resiliency in the expected operational environment. Brief the results to NAVSEA, SPAWAR and NAVAIR leadership.
4b. Develop near-term plan for potential changes to acquisition architecture technology, design reviews and sustainment for Naval Aviation systems in coordination with Fleet Cyber Command (COMTENTHFLT) and all NAVAIR Competencies. Develop an approach to adapt current NAVAIR risk management processes to address current cyber risks.
4c. Prepare long-term strategy to develop/acquire the skills, capabilities, capacity and organization to support Naval Aviation's contribution to the cyber warfare mission area.

5. **Fully Enable Warfare Center Capabilities for Rapid Response** *(AIRWorks)*
   Leads: Co-Leads: RDML Mark Darrah and RDML Mike Moran (NAWC Commanders)
   Supporting: IWC-ET, All Competencies

   Background: NAVAIR's Warfare and Fleet Readiness Centers, Test Wings and Training Systems Division have existing capabilities that can benefit both fleet forces and programs of record by developing innovative, cost-effective solutions to near term requirements. The *AIRWorks* construct provides a demonstrated path to address urgent fleet needs with less time and money, while achieving equal or superior products to those delivered through the formal acquisition process. AIRWorks will enable us to support POR work, where it makes sense, at reduced cost and schedule by leveraging the expertise and dynamic innovative spirit that thrives within these commands. This model places discrete checks and balances in strategic points in the development process to foster a healthy tension between technical and program/project requirements without stifling innovation.

   Desired Outcome: *AIRWorks* product development will focus on completing the "concept to operations" cycle in months, not years, at a reduced cost.

Actions:

5a. Stand up a NAVAIR *AIRWorks* organization enabling cross-functional task teams to perform agile acquisition efforts such as rapid prototyping, experimentation and low-volume production to address urgent fleet needs and program of record requirements.

5b. Implement acquisition process and policy changes to enable AIRWorks activities (rapid response execution) at the Warfare Centers and Fleet Readiness Centers.

6. **Implement Best Practices.**
   Lead: Mr. Keith Sanders (AIR-1.0)
   Supporting: All Competencies

Background:
Pockets of excellence exist throughout the Command and need to be more readily shared, documented and replicated. Common barriers and constraints to program and project execution could be eliminated by sharing best practices and lessons learned; and encouraging teams to continually assess and improve processes, driving affordability and efficiency into DoD's acquisition processes and programs.

Desired Outcome: Achieve a culture of continuous self-assessment, process improvement and replication throughout the Command. Drive should cost practices into NAVAIR's acquisition culture through education, lessons learned and enabling tools.

Actions:

6a. Capture and communicate business best practices in the Acquisition Management System Knowledge Management Portal.
   - Load cross-competency business process content into the AMS KMP and work with subject matter experts to maintain relevance/effectiveness to the workforce.
   - Conduct knowledge management roadshow including tool demonstrations and knowledge management workshops to increase workforce awareness and participation.

6b. Capture and Communicate Should Cost Best Practices:
   - Develop a health metrics approach to assess the implementation maturity of Should Cost Management processes across the NAVAIR PMO and PEO communities.
   - Capture cross-competency should-cost best practices in the AMS portal.
   - Benchmark should cost projections for NAVAIR ACAT programs against the OSD (AT&L) two to three percent annual savings goal. *(ref: June 2010 USD (AT&L) Memorandum for Acquisition Professionals).*

7. **Expand NAVAIR's Additive Manufacturing Capability.**
   Lead: RDML Paul Sohl (COMFRC and AIR-6.0) with support from across NAE
   Supporting: AIR-4.0T and PEO(A) H-53 pilot projects

Background: Additive Manufacturing (AM), or three-dimensional (3D) printing, fabricates products and components from a digital model via an "additive," i.e. layered build up, process. AM is being applied in a wide range of industries including defense, aerospace, automotive, medical and metals manufacturing. Utilizing this capability at NAVAIR will reduce cost and enable rapid response to warfighting needs by increasing production speed of critical parts; enabling novel designs; reducing obsolescence; filling critical gaps in the Navy supply system; and decreasing the design-to-production timeline by orders of magnitude.

Desired Outcome: Execute change necessary to leverage AM for delivery of warfighter capability via rapid, low cost implementation across the NAE.

Actions:
7a. Develop AM roadmap to define AM process development, build-up demonstrations, industry collaborations, and business and supply chain interactions. Identify key initiatives that will address challenges and barriers to AM implementation at NAVAIR.
7b. Develop a NAVAIR AM strategy that encompasses engineering, testing, manufacturing, acquisition and logistics processes required to utilize AM at NAVAIR.
7c. Develop investment strategy for AM science and technology that is coordinated across all NAE investment sources, including Section 219, SBIR, STTR, ONR, and CIP.
7d. Demonstrate production of both non-flight critical and flight critical parts to validate AM technology and processes for use across the NAE.
7e. Demonstrate production of energetics and weapons components to validate AM technology and processes for weapons applications.

8. **Improve the "Business of our Business."**
Lead: CAPT Brian Corey (AIR-09)
Supporting: All Competencies

Background: Budget projections show a reduction in funding through FY20, while workload projections indicate a consistent or increased demand for NAVAIR products and services. To meet demand, NAVAIR must eliminate low-value work, simplify and standardize processes to enable greater speed and data transparency, and develop tools to aid in decision-making and risk management.

Desired Outcome: Simplify work, reducing manual transactions and potential for errors and rework; and improve decision-making speed and effectiveness through data systems integration and automation, modeling and predictive management metrics.

Actions:
8a. Establish Business System Governance Board and Lead Business Systems Integrator Team.
8b. Provide status and recommendations of current modeling efforts.
8c. Identify improvement areas within the procurement initiation document to vendor pay process.
8d. Develop recommendations for risk-based acquisition strategy and documentation.

9. **Achieve Full Asset Accountability.**
Co-Leads: Mr. Jerry Short (AIR-10.0) and RDML Paul Sohl (COMFRC and AIR-6.0)
Supporting: All Competencies

Background: Maintaining control of our assets is critical to readiness. The 2010 National Defense Authorization Act mandates the Department of Defense have audit ready financial statements by 2017. NAVAIR's current state of asset management will not result in a favorable audit opinion. In order to meet these timelines, it will take an all-hands approach to ensure every asset we acquire is identified, documented and tracked from acquisition to disposal in an Accountable Property System of Record, and reported properly in Navy's financial statements.

Desired Outcome: Business processes implemented that result in proper physical and financial accountability of all property (equipment and materials) resulting in auditable financial statements prior to the September 2017 Congressional deadline.

Actions:
9a. Synchronize our operating materials and supplies business processes with SECNAV instruction to ensure physical and financial documentation meet all requirements.
9b. Implement financial improvement audit readiness general equipment corrective action plans for known assets/systems and business processes.
9c. Document and report Navy ERP system defects/changes required to support asset audit requirements.
9d. Develop "buy it right" documentation and training to support visibility of general equipment assets from procurement to disposal.
9e. Establish a property management structure to develop and enforce NAVAIR asset management policy.
9f. Inventory all material; purge excess; and convert all remaining material into an APSR.
(September 2017)
   - *Phase I – Locate and classify – 31 August 2015*
   - *Phase II – Identify and prioritize – 30 November 2016*
   - *Phase III – Convert and certify – 29 September 2017*
9g. Work with the Department of Navy Property Governance Council to implement a strategy for asset valuation.